

Quality Control

International Standard
on Quality Control
(ISQC) 1



All audit firms are required to comply with ISQC 1 which is recognised by the Malaysian Institute of Accountants (MIA) to ensure that the audit reports they produce are of professional quality.



What is ISQC 1?



STANDARDS

1

International Auditing and Assurance Standards Board (IAASB) sets out additional standards and guidance on the responsibilities of firm personnel regarding quality control procedures for specific types of engagements.

2

The Malaysian Institute of Accountants has approved this standard in January 2010 for publication.



Purpose of ISQC 1?



STANDARDS

1

Ensure that audit firms comply with professional standards and applicable legal and regulatory requirements.

2

Ensure that the audit reports issued by the audit firms are appropriate under the applicable circumstances.



1. Leadership responsibilities for quality

2. Relevant ethics

3. Acceptance and continuance of client relationship

Under ISQC 1, the elements of a system of quality control includes...

4. Human Resources

5. Engagement performance

6. Monitoring



1. Leadership responsibilities for quality

The firm established the policies and procedures to promote an internal culture that services engagements with quality

The firm's partners are required to assume ultimate responsibility for the firm's system of quality control



2. Relevant ethics

Professional ethics in accounting



The firm establishes the policies and procedures which enables it to identify clients who may continue the relationships where the firm is able to:

Perform the engagement and has the capabilities to do so

Comply with relevant ethical requirements

Consider the integrity of the client

3. Acceptance and continuance of client relationship





4. Human Resources

The firm establishes the policies and procedures to train sufficient personnel to be competent with the necessary capabilities and commitment to ethical principles which enables them to:

Perform engagements adhering to professional standards and applicable legal and regulatory requirements.

Enable the firm to issue audit reports that are appropriate under the circumstances.





Supervision
responsibilities



Promoting consistency
in the quality
of engagement performance



Review
responsibilities

The firm establishes the policies and procedures to ensure that engagements are performed adhering to professional standards and the audit reports issued are appropriate under the circumstances. Such policies and procedures may include:

5. Engagement performance



The audit firms should establish a monitoring process related to the system of quality control which should include:

Ongoing consideration and evaluation of the firm's system of quality control

Assigning a partner to be responsible for the monitoring process

6. Monitoring



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